

Open Letter from the Circular Cities Frontrunner Group

Accelerate the circular economy for a prosperous and competitive Europe

Tuesday 1st October 2024,

Dear Members of the European Parliament,

Dear Director Generals of the European Commission, Directorate Generals for Environment, Climate Action, Research and Innovation, Energy, Regional and Urban Policy, Internal Market, Industry, Entrepreneurship and SMEs, Competition, as well as for Taxation and Customs Union,

We are an ambitious group of cities from across Europe, committed to leading the transition to a circular economy.

As Circular Cities, we recognise that eliminating waste & pollution, keeping products and materials in use for as long as possible and regenerating nature can achieve wide ranging economic, environmental and social benefits for our cities and for Europe. In particular, we see the critical necessity of the circular transition in addressing the triple planetary crisis, and achieving this in a socially just manner, while boosting Europe's industrial competitiveness and self-sufficiency.

As local governments we have a fundamental role in facilitating the transition to a circular economy. It is in our cities where most products and materials end up, making us a key arena for action on resources and materials. We already ensure on-the-ground implementation of much EU and national policy. We are also innovative policy makers in our own right, working with our residents, business communities and civil society organisations, to reframe waste as a resource and create cleaner, greener, more liveable and resilient urban environments.

We welcome the ambitious policy reforms that have established the European Union as a global leader in the circular economy over the last decade: successive Circular Economy Action Plans, Ecodesign for Sustainable Products, the Right to Repair and key value chain interventions, including on single-use packaging and textiles, to list a few. The Cities Mission and the Circular Cities & Regions Initiative are also testament to EU/local government collaboration to help Europe transform how materials flow around our economy.

Still, structural challenges persist which hinder us achieving our full potential. Despite best intentions, our local economies remain dependent on extracting and importing primary resources. Across our cities, we see credible circular enterprises struggling to compete and scale up against incumbent linear business models. And, at the current pace of improvement, the [European](#)

[Environment Agency](#) has warned that the EU is clearly not on track to achieve core ambitions of the Circular Economy Action Plan: to reduce Europe's resource consumption footprint and double recycled material use by 2030.

2024 marks an important crossroads for Europe, and we invite the new Commission and European Parliament to accelerate support for the circular transition. Specifically we call on policymakers to:

1. Harness the power of circular economy to achieve a prosperous and competitive Europe

- a. Support cities to address their consumption-based emissions to tackle the climate crisis.
- b. Enhance Europe's strategic autonomy, competitiveness and resilience through binding material footprint and material circularity targets to embrace sustainable resource management.
- c. Ensure the transition to a circular economy is just and inclusive, leaving no one behind.

2. Encourage a broader application of economic incentives and fiscal reform which promotes circular economy approaches

- a. Build the case to reform a linear tax system
- b. Leverage public procurement to help mainstream circular businesses
- c. Send clear signals to derisk private investment

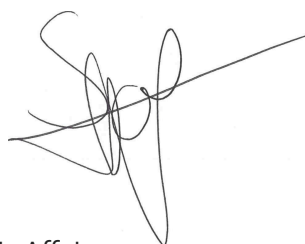
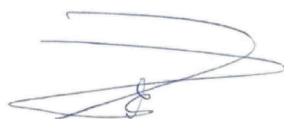
3. Strengthen support to cities for scaling-up the circular economy

- a. Build capacity in cities to support circular economy implementation
- b. Shift funding from piloting towards scaling-up
- c. Ensure a multilevel governance approach in circular economy policy development and implementation.

As Circular Cities, we stand ready to work with you on tangible circular solutions in our cities to ensure a cleaner and more competitive Europe. In particular, we believe our demands can contribute to the development of a New Circular Economy Act, the revision of the Public Procurement Directive, a Clean Industrial Deal or a new European Competitiveness Fund. For further clarification of these above points, attached is a short overview. In the coming months, we will follow up with a white paper for your consideration.

We remain at your disposal for any questions or a meeting to elaborate on our joint perspective. Please contact us at internationaloffice@amsterdam.nl.

Kind regards,



Dirk de Jager and Sofyan Mbarki
Deputy Mayors for Sustainability and Economic Affairs
City of Amsterdam

Circular Cities Frontrunner Group

Dirk de Jager / Sofyan Mbarki
Deputy Mayors for Sustainability and Economic Affairs
City of Amsterdam

Borja Rodriguez
Deputy Mayor of City planning, cleaning and environment,
City of Vitoria-Gasteiz

Elena Grandi
Deputy Mayor for the Environment,
City of Milan

Minna Arve
Mayor,
City of Turku

Line Barfod
Mayor of Technical and Environmental Affairs,
City of Copenhagen

Mohamed Ridouani
Mayor,
City of Leuven

Katrin Stjernfeldt Jammeh
Mayor,
City of Malmö

Filipe Araújo
Vice-Presidente Vice-Mayor & City Councillor for Environment, Climate, Innovation and Digital Transition
City of Porto

Coordination of the Circular Cities Frontrunner Group has been supported by **ICLEI Europe** and by **The Ellen MacArthur Foundation**.



Supported by:

ACR+

Metropolitan Region Amsterdam (NL)

C40 Cities

City of Ljubljana (SI)

The Circular Cities Declaration

Växjö Municipality (SE)

Circle Economy

City of Bergen (NO)

Ville de Roubaix (FR)

City of Helsinki (FI)

City Of Wiltz (LU)

City of Rotterdam (NL)

Municipality of Maribor (SI)

Dun Laoghaire Rathdown County Council (IE)

Municipality of Guimarães (PT)

Municipality of Braga (PT)

1. Harness the power of circular economy to achieve a prosperous and competitive Europe

- **Support cities to address their consumption-based emissions to tackle the climate crisis.** Extraction and processing of material resources account for more than half of greenhouse gas (GHG) emissions¹. These activities take place outside of city boundaries, which 'import' most of their goods and services. Getting the full picture of a city's true carbon footprint is therefore challenging, and consequently city climate action plans tend to only focus on GHG emissions generated within the city boundaries. In practice this means that actions aimed at keeping materials in use—thus aimed at reducing emissions generated by extraction and production—are not prioritised in climate action plans, leaving this potential for reaching climate neutrality untapped². Following the lessons learnt from [Amsterdam's Circular Economy Monitor](#), we recommend a full integration of consumption-based emissions into EU climate policy development, also considering national and subnational levels.
- **Enhance Europe's strategic autonomy, competitiveness and resilience through binding material footprint and material circularity targets to embrace sustainable resource management.** Increasing resource use is not only a main driver of climate change, but of the entire planetary crisis: more action is needed to stay within planetary boundaries. Despite ambitious measures such as the Ecodesign for Sustainable Products Regulation or the Right to Repair Directive, EU policy towards cities remains focused on waste management, mostly on collection and recycling. Substantial hurdles remain for cities to think beyond waste and facilitate material decoupling, or in other terms to effectively reduce their material footprint: heavy reliance on imports, scarcity of data and difficulty to assess material footprints at product level and at city level, and lack of an enabling framework that would effectively discourage the use of virgin materials. In this regard, frontrunner cities like Amsterdam³ show that setting material consumption reduction targets can drive high-impact actions around prevention, reuse or repair.

To drive similar action all across Europe, we ask for the adoption of dedicated **legislation on sustainable resource management at EU level, associated with binding targets on material footprint and material circularity, as well as the development of a dedicated action plan**. This will ultimately improve the EU competitiveness and resource independence in strategic value chains, in a context where Europe is highly dependent on other regions for a number of critical resources.

- **Ensure the transition to a circular economy is just and inclusive, leaving no one behind.** It is clear that Europe's economic, environmental and social objectives cannot be separated.

¹ International Resource Panel, [Global Resource Outlook 2024](#)

² EU climate Advisory Board, [Towards EU climate neutrality: progress, policy gaps and opportunities](#)

³ Amsterdam, [Circular Economy Strategy](#)

Alongside adapting to the impacts of climate change and biodiversity loss, tackling the overconsumption of resources and waste generation, will likely have significant impacts on the future of work and social inequality. A just and inclusive transition, based on decent work and poverty alleviation in Europe and beyond, is essential to maintaining public support and acceptance for reforms. It is estimated the European Green Deal will create additional 2.5m jobs by 2030⁴. It is highly plausible that the benefits will far outweigh the negative social impacts of circular economy transition; improving access to goods and services and creating job opportunities at all levels. However, there is limited research on the full social impacts of circular economy activities and how to manage risks. **Research is needed to determine what social protection measures can be combined with circular economy policies.** Meanwhile, across Europe, cities are already cooperating with social enterprises - entities which put social and environmental purposes first - to embrace circular business models in a range of sectors which reduce waste and create social value. The social economy has the potential to become a main driver of the transition to a circular economy, which decouple revenue from virgin material consumption while upskilling local workers, and marginalised communities. The next commission must ensure **the full implementation of recommendations in the Liège Roadmap for Social Economy in the EU**⁵.

2. Encourage the broader application of economic instruments and fiscal reforms to promote circular economy activities.

- **Build the case to reform a still linear tax system.** Encouraging the broader application of environmental taxation and enabling Member States to use value added tax (VAT) rates to promote circular economy activities were rightly identified by the Commission as a key cross-cutting action area (6.2) in the EU Circular Economy Action Plan 2020.⁶ However progress has stalled and across sectors, cities consistently observe that secondary raw materials remain more expensive than virgin raw materials. The underlying reasons for this are that the negative externalities connected to extraction and end of life are not reflected in prices, and that secondary materials usually require labour-intensive treatment and repurposing. Until this “market failure” is resolved systemic change will be difficult to achieve. We note the ExTax study has already produced a roadmap of 20 measures for shifting the tax burden from labour to pollution and resource use which could accelerate support the circular transition⁷ while also benefiting the social economy⁸. Ultimately, taxation is a prerogative of the Member States, but the EU has **a crucial coordination and brokerage role to play to avoid any first mover disadvantage in introducing fiscal reforms. The EU might validate a priority shortlist of instruments and consider ways to incentivise their application.**

⁴ CEDEFOP, [The green transition creates more jobs than it destroys](#)

⁵ Belgian Presidency of the Council of the EU, [Liège Roadmap for Social Economy in the EU](#)

⁶ EU Commission, [Circular Economy Action Plan](#)

⁷ Following previous recommendations from the [ECESP](#) or [Managing materials for 1.5°C](#), from Eunomia / Zero Waste Europe.

⁸ ExTax, The Taxshift, An EU Fiscal Strategy to Support the Inclusive Circular Economy.

- **Leverage public procurement to provide a launch market for circular businesses.** With public procurement accounting for 14% of the EU's GDP, it is a hugely powerful lever for change. Green Public Procurement can be a major driver for circular innovation of material choices, business models and infrastructure improvements. As cities we know it can deliver financial savings over the full life-cycle of a contract, and crucially achieve positive social and environmental outcomes. We believe that public money could and should deliver even greater outcomes for society, and **stronger mandatory public procurement requirements should be considered by public authorities at all levels, including EU bodies.** To ensure the effective implementation of more robust standards, further technical support and capacity building is needed for local government procurement teams.
- **Send clear signals to derisk private investment.** To mainstream circular economy business models and build the necessary shared infrastructure, mobilising private finance will be critical. Across all our cities, well conceived, local projects still struggle to access private investment to scale up around across European cities. Reasons vary, from the difficulty of developing viable circular business models to the difficulty of demonstrating circular impacts. The EU taxonomy is a decisive step forward to help private investors support circular businesses, but challenges persist: Its application by cities is extremely complex, meanwhile incentives lack to actually secure better financing. The framework maintains several ambiguities across climate risk materiality and does yet apply fully to urban contexts, for example it doesn't recognize urban parks or runoff waters, focusing solely on wastewater and forestation. **Further guidance for both project owners and investors is needed and technical screening criteria should be improved to make the case for circular economy, especially for circular cities, stronger.**

3. Strengthen support to cities for scaling-up the circular economy

- **Build capacity in cities to support circular economy implementation.** The European Green Deal and EU Circular Economy Action Plan underline the EU's global leadership status on the circular economy. The Commission has helped secure ambitious sectoral policies and regulations which improve product design, extend the use of goods and help optimise recovery of materials at the end of life. City governments are ready and willing implementation partners for many of these new policies (the fact that local and regional authorities implement 70% of EU laws has already been widely commented).

However, across all our cities, capacity and technical competency gaps hamper efforts. **Further technical assistance, training and guidance are needed to help city officials develop new skills, methods or processes. This includes supporting implementation within specific sectors and value chains as well as cross-cutting topics beyond procurement, including governance, data and monitoring.** Urban planning in particular is a decisive lever that can ensure necessary space, logistics and infrastructure for a nature-positive, circular economy to flourish, but an improved understanding and tools are needed to untap this potential. The promotion of peer-to-peer learning, and exchange between city practitioners regionally focussed as well as pan-European is enormously

valuable, as is EU-facilitated matchmaking and support programmes for industry to nurture closer public-private collaborations.

- **Shift funding from piloting towards scaling-up.** EU funding— particularly Horizon Europe—has been instrumental in supporting the piloting of circular economy solutions in cities. However, the emphasis placed on innovation rather than on mainstreaming, combined with the difficulty for cities to tap into other funds, has severely hampered the upscaling and the sustainability of pilot projects. **A better coordination between Horizon Europe and with European Structural and Investment Funds is needed to ensure the mainstreaming and upscaling of circular solutions. Easier access for cities to these funds, and technical assistance in doing so, as well as more earmarking of Cohesion Policy funds towards the circular economy and a better monitoring by the Commission of funds spent at the national level are also needed.** This is aligned with previous recommendations made by the European Court of Auditors⁹.
 - **Ensure a multilevel governance approach in circular economy policy development and implementation.** In many sectors, from packaging to the construction, cities and sub-national governments can not only accelerate implementation ensuring our ecosystems engage with and comply with regulations, we have the potential to go beyond compliance, test and innovate new pioneering circular systemic solutions. **This calls for a better involvement of cities in circular policy development, as well as a better definition of roles and responsibilities for each level of government through a multilevel governance dialogue, at EU but also at national level** (for instance on the development of national circular action plans). More interactions with city networks – such as ICLEI Europe– would also promote a greater consideration of city needs.
-

⁹ European Court of Advisors, [Synergies between Horizon 2020 and European Structural and Investment Funds, Special report](#)